

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: May 27, 2003

SUBJECT: Fiscal Impact Statement: "Sexual Minority Youth Assistance League Equitable Real Property Tax Relief Act of 2003"

REFERENCE: Bill 15-257 as Introduced

Conclusion

Funds are not sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. **The proposed legislation will result in foregone real property tax revenue, thus reducing the local General Fund. The proposed legislation will result in unbudgeted costs of approximately \$3,663 from foregone revenue in FY 2003.**

Background

The proposed legislation approves a real property tax exemption for property located in Square 902, Lots 814 and 815 located at 408 and 410 7th Street, S.E. The property is used, owned and occupied by the Sexual Minority Youth Assistance League. In addition, the proposed legislation foregoes all real property taxation, fees, interest and penalties on the subject property for a period beginning May 8, 2000 through September 10, 2001. The occupants would be entitled to a refund of all amounts paid for real property taxes assessed during that period. Currently the real property tax exemption is effective for all matters on and after November 1, 2000¹.

¹ Pursuant to D.C. Official Code § 47-1002(8); Application was reviewed by the Office of Tax and Revenue and the property was inspected by the assessor's office.

Financial Plan Impact

Funds are not sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council. The combined subject properties are assessed at \$486,850 for TY 2003. The Sexual Minority Youth Assistance League has paid \$3,663 for a portion of TY 2000 tax obligations and this amount will need to be refunded by the provisions of the proposed legislation. Funds would need to be identified in FY 2003 for these purposes.

The following table represents the approximate foregone revenue and exempted taxation as a result of implementing the proposed legislation.

Revenue Impact to the Financial Plan					
(\$ in 000s)					
FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	TOTAL
(\$3.6)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$3.6)

The property was purchased in May 2000. An application for exemption was filed on October 31, 2000 by the owners with the Office of Tax and Revenue (OTR). The exemption was properly supported and subsequently granted. However, OTR cannot retroactively exempt a property from taxation. The property is currently tax exempt in perpetuity as long as the property is used for purposes of public charity conducted principally in the District of Columbia.

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.